

Message Text

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PAGE 01 STATE 151560

43

ORIGIN SS-10

INFO OCT-01 ISO-00 /011 R

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DRAFTED BY S/S-O:RBMCMULLEN

APPROVED BY S/S-O:RELTZ

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O 151160Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY CAIRO IMMEDIATE

C O N F I D E N T I A L STATE 151560

EXDIS

FOR SIMON PARTY/BENNETT

FOLLOWING REPEAT STATE 151560 (EXDIS) SENT ACTION JIDDA INFO

ABU DHABI AMMAN BEIRUT BONN BRUSSELS DHAHRAN KUWAIT LONDON PARIS

TEHRAN TEL AVIV TOKYO TRIPOLI DATED 13 JUL 74

QUOTE

C O N F I D E N T I A L STATE 151560

EXDIS, BEIRUT PASS USINT BAGHDAD

E.O. 11652: GDS

TAGS: ENRG, SA

SUBJECT- SAUDI POSITION ON OIL PRICES

REF: JIDDA'S 3958

1. WE HAVE ALREADY INFORMED YAMANI DIRECTLY AND THROUGH YOU THAT WE THINK AUCTION IS GOOD IDEA, ESPECIALLY ASSUMING MAJOR PORTION COMES FROM INCREASED PRODUCTION. YOU MAY REITERATE THIS TO YAMANI IF YOU THINK THIS IS NECESSARY. WE SHARE YOUR CONCERN OVER SAUDI INTENT TO PROPOSE FREEZE OF POSTED PRICES. YOU MIGHT TELL YAMANI THAT, WHILE WE APPRECIATE PURPOSE OF AVERTING FURTHER INCREASES, WE WONDER WHETHER PROPOSAL WOULD NOT BE INTERPRETED AS REVERSAL
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SAUDI POSITION TO PRESENTLY EXCESSIVE LEVEL OF OIL PRICES.

IT SEEMS TO US THAT ANY DECISION ON POSTINGS MIGHT BETTER
AWAIT RESULTS OF AUCTION. SAUDI DEMARCHES ON THIS SUBJECT
MIGHT APPROPRIATELY BE MADE IMMEDIATELY PRIOR TO THE OPEC
MEETING.

2. WHILE WE SUPPORT AND WANT TO CONTINUE ENCOURAGE SAG
EFFORTS TO REDUCE PRICES IT IS NOT OUR POLICY OR OUR DESIRE
TO GET INTO PRICE NEGOTIATIONS WITH YAMANI OR OTHER OIL
PRODUCING COUNTRIES. WE THINK IT PREFERABLE THEREFORE NOT
RPT NOT TO SUGGEST REDUCTION OF PRICES NOW IN RETURN FOR
SCHEDULED INCREASES IN LATER YEARS OR TO SPECULATE WITH
SAUDIS ON COST OF ALTERNATIVE ENERGY. KISSINGER UNQUOTE

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